

Defense Contract Management Command



Quality
Commitment
Satisfaction



Quality - Contract Administration Services
Acquisition Professionals
Around the Clock... Around the World

Commitment - To the Warfighters
What They Need... When They Need It
To Successful Contracting
From Start... to Finish

Satisfaction - Of Our Customers With Our Services
Right People... Right Place... Right Time



Topics of Discussion

Who DCMC is - Experienced Contract Professionals

*Around the Clock
Around the World*

What DCMC Does - Contract Administration

DCMC & our Customers - Partners in Procurement



DCMC's Mission

To provide worldwide contract administration services (CAS) in support of DoD components, National Aeronautics and Space Administration, and other designated federal and international organizations



Who DCMC Is

What
DCMC Does

DCMC Is

A Team Member of the DoD Acquisition Community

DCMC Is

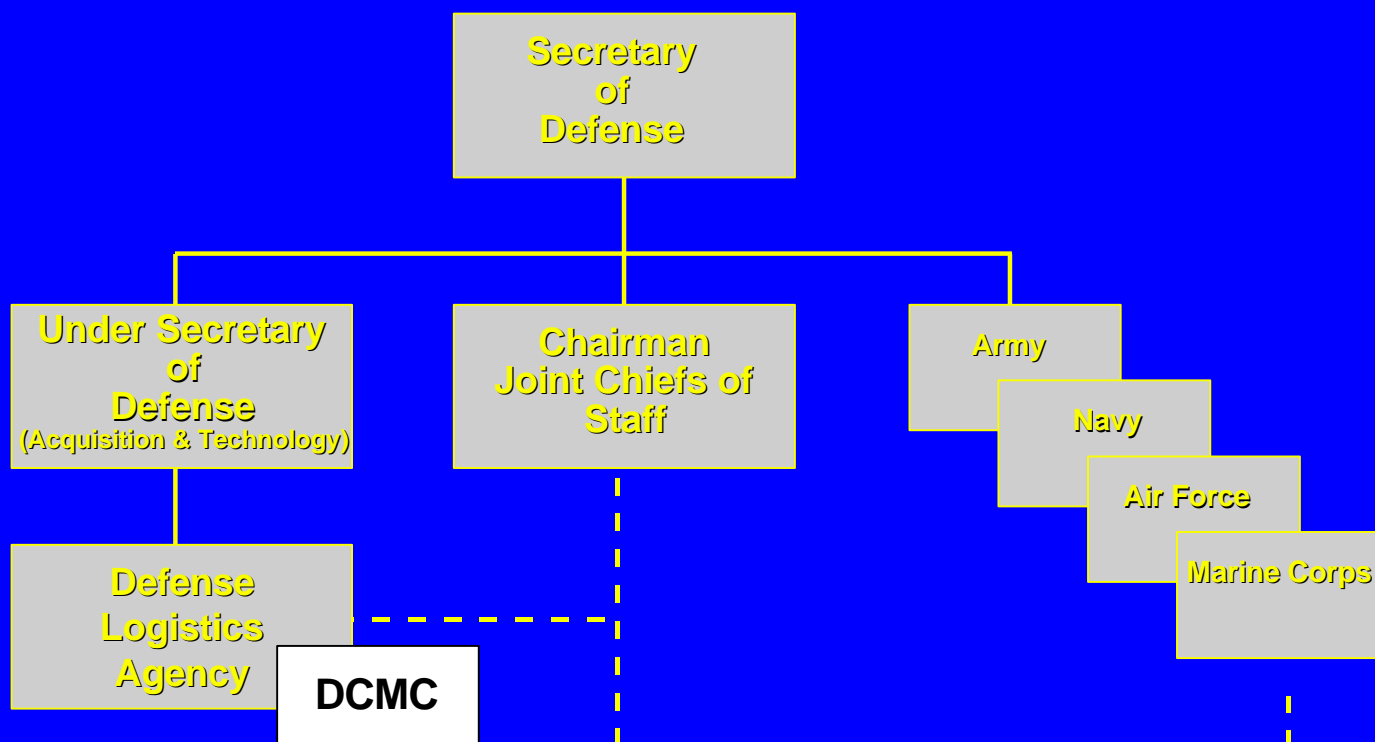
A World-Wide Organization of Contract Professionals



DCMC is a Team Member...

...in the Defense Acquisition Community

Who
DCMC Is



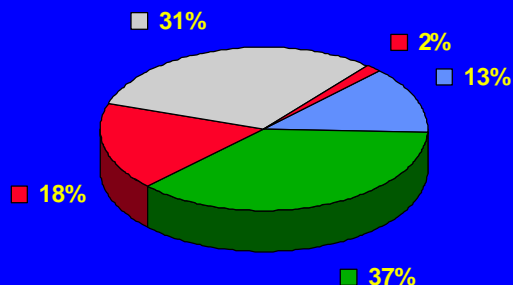


DCMC is a Team Member...

...in the Defense Acquisition Community

Who DCMC Is

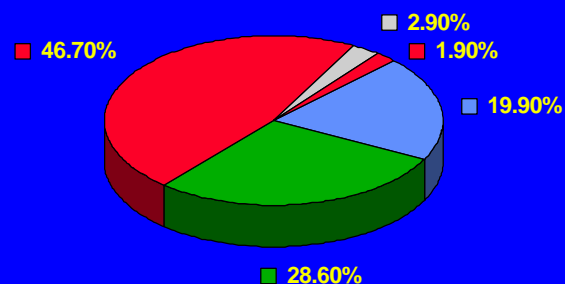
Contracts Per Service



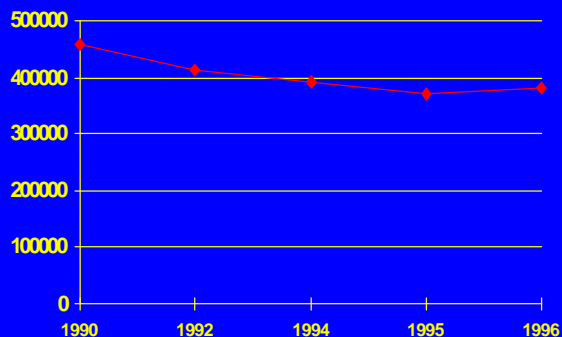
Army Navy Air Force DLA Other

Total Contract Value = \$962B
Total # Contracts 378,000
Total ULO \$113B

Unliquidated \$ By Service

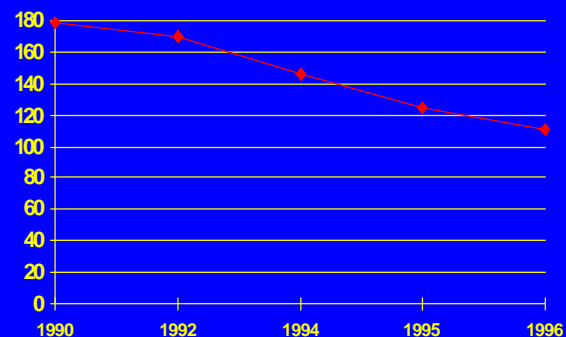


Army Navy Air Force DLA Other

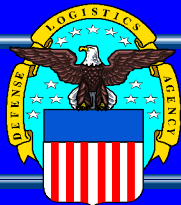


of Contracts

As of 30 June 1996



ULO Value



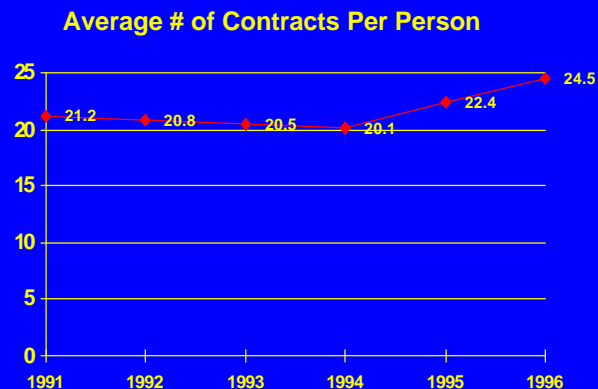
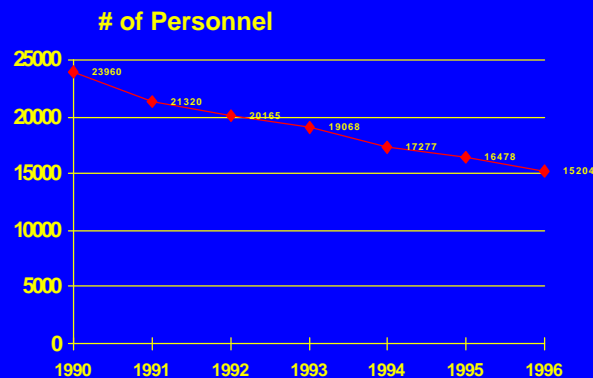
DCMC is a Team Member...

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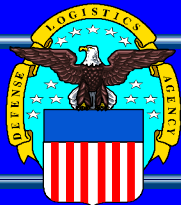
Who
DCMC Is

Contract Administrators	2,453
Quality Assurance Specialists	4,445
Engineers	1,085
Industrial Specialists	844
Property Administrators	386

Average Number of
Contracts per
Person: 24.5

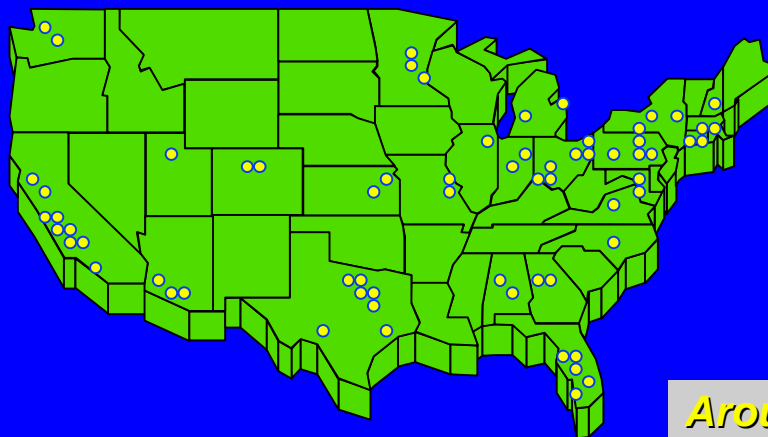


As of 01 August 1996



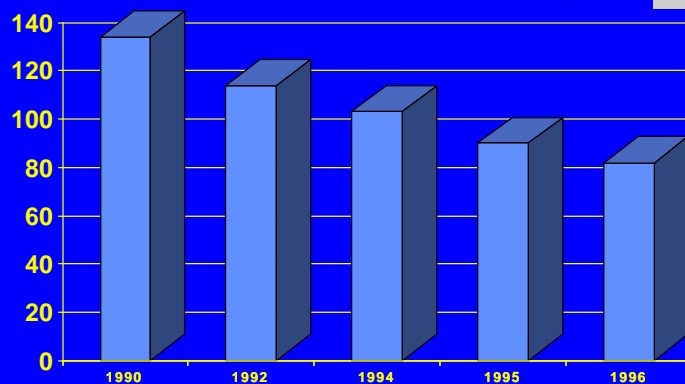
DCMC Acquisition Professionals

Who
DCMC Is



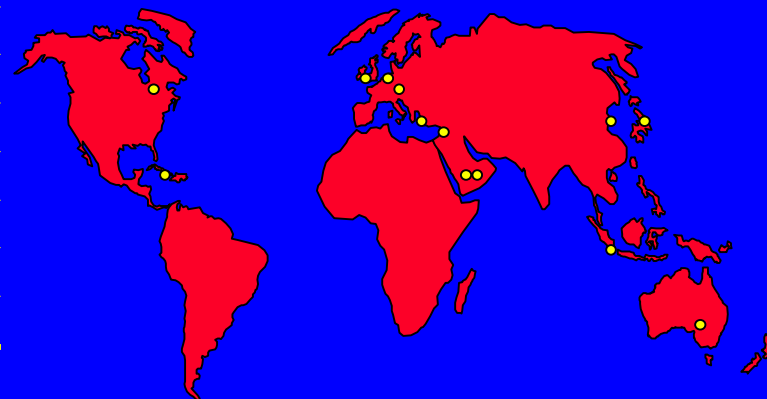
**83 Contract
Administration
Offices**

Around the Clock... Around the World



of CAOs

As of 30 June 96





DCMC Professionals... Committed to the Warfighters

What
DCMC Does

*What they need
When they need it*

means....



**DCMC Professionals
are Committed to
Quality Contracting**



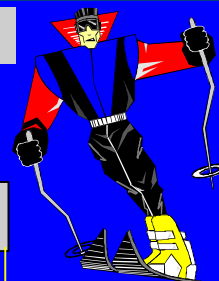
What DCMC Does

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What
DCMC Does

From
Start
to
Finish

Start (Pre-award)



(1) Acquisition
Strategy

(2) RFP/Contract
Drafting

(3) Source
Selection

(4) Performance

(5) Cost

(6) Schedule

(7) Closeout

Finish (Contract Completion)

Early CAS

Contract
Administration



What DCMC Does

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What
DCMC Does

Early CAS

(1) Acquisition
Strategy

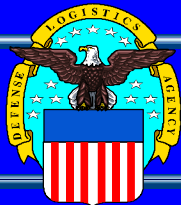
Acquisition Strategy

(2) RFP/Contract
Drafting

RFP / Contract Drafting

(3) Source
Selection

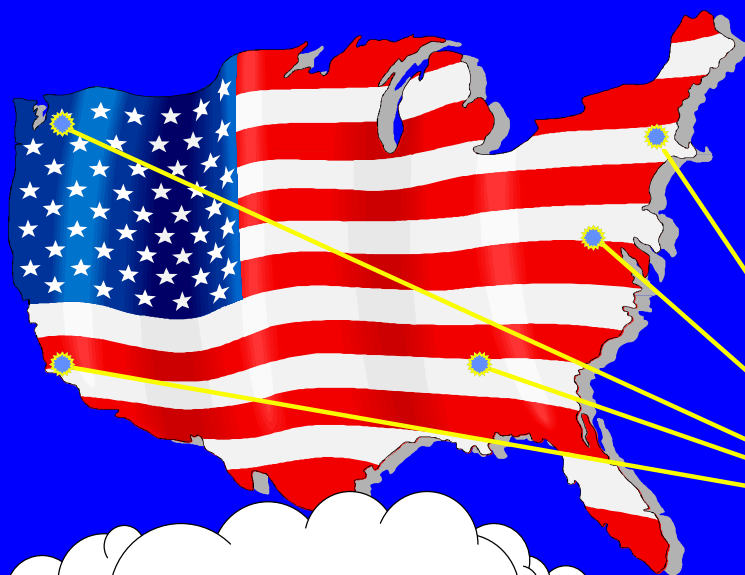
Source Selection



Early CAS

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What
DCMC Does



- > Trends
 - > By Sector

- > Lessons Learned
 - > What Works ?
 - > What Doesn't ?

- > Transition to Production
- > Subcontract Management
- > Software Development



ASP Panels
RFP Reviews
Proposal Evaluations



Acquisition Strategy

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What
DCMC Does

DCMC Provides:

- **Lessons Learned with the Joint Perspective, e.g.:**
 - **Incentives / Awards Fees**
 - **Transition to Production**
 - **New and / or Unique Technologies**
 - **Software Integration**
 - **Subcontract Management**
 - **Commercial Standards, Specifications, and Practices**
- **Industrial, Financial and Technological Capabilities Assessment**
- **Risk Analysis**

Supports
Acquisition
Strategy
Panels

DCMC Participation Lays Foundation for Effective Teaming Throughout Contract Life Cycle



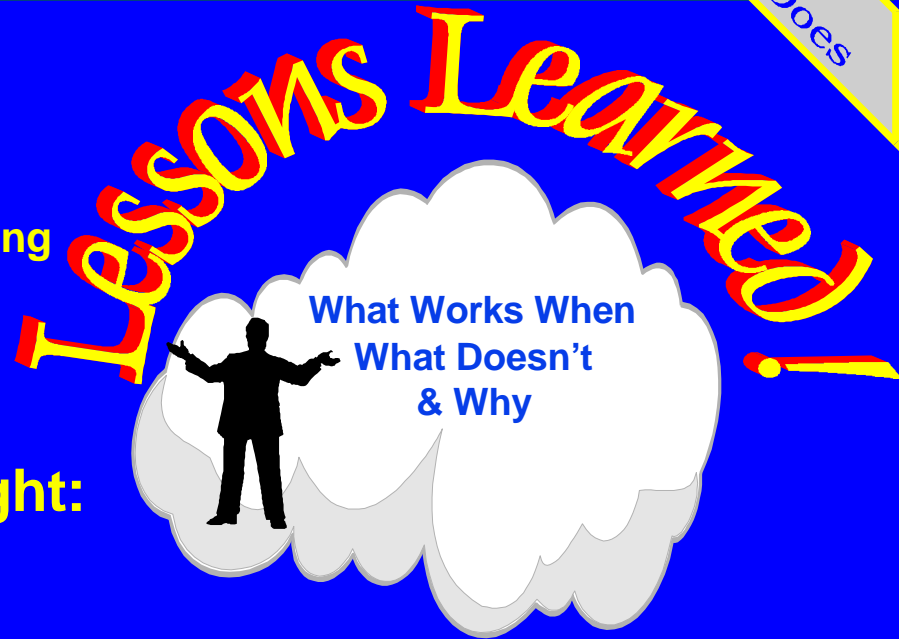
RFP / Contract Drafting

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What
DCMC Does

DCMC Supports:

- RFP Reviews
- Clause Selection and Drafting



DCMC Provides Insight:

- Financial/Payment Terms
- Warranty Provisions
- Performance Incentives
- Evaluation Factors



Source Selection

DCMC Provides Information and Services

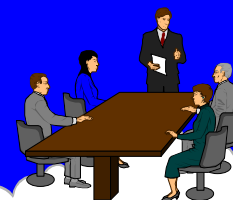
- Integrated Product Team Pricing
- Contractor/Subcontractor Capability
 - Design
 - Software
 - Engineering
 - Quality Assurance
 - Manufacturing
 - Financial
- Contractor Risk Performance Analysis

Contractor
Information
Service

Contractor
Past Performance
Information

Preaward
Surveys

Source
Selection Panels



What
DCMC Does



What DCMC Does

Contract Administration

(4) Performance

Performance

(5) Cost

Cost

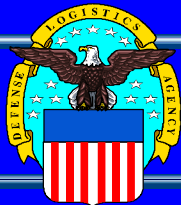
(6) Schedule

Schedule

(7) Closeout

Closeout

What
DCMC Does



Performance

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What
DCMC Does

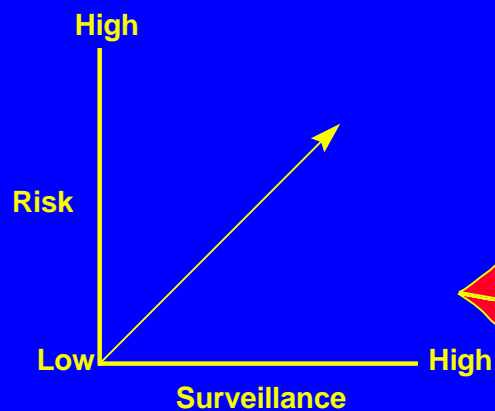
- Quality Assurance Surveillance
- Production Capability Assessment
- Design Management
- Configuration Management
- Subcontract Management, Oversight
- Product Acceptance

Product
Integrity

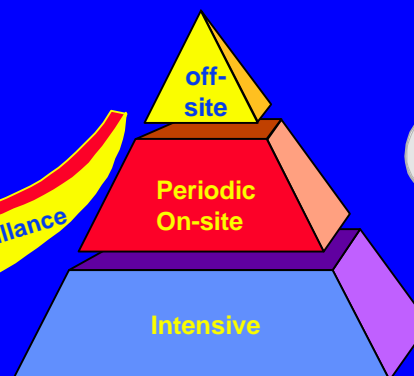
Contractor
Self-Oversight

Process
Improvements

Configuration
Audit and
Design Reviews



Targeted Surveillance
Based on Risk





Cost

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What
DCMC Does

- **Cost Reasonableness, Accountability and Allocability**
- **Provisioned Item Orders and Undefined Contract Actions Negotiations**
- **Progress Payments**
- **Cost Accounting Std Compliance**
- **Overhead Rate Negotiations**
- **Should Cost Reviews**
- **Environmental Cost Impact**

Contractor
Insurance
Pension Reviews

Contractor
Estimating System
Reviews

Material and
Management
Accounting
Systems

Defense Corporate
Executives
(Mergers &
Acquisition)

Contractor
Purchasing
System Review

EAC
Analysis



Schedule

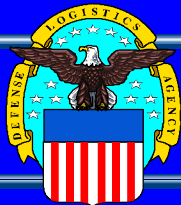
- On-site Production Surveillance
- Delivery Status Reporting
- Negotiate Change Orders
- Production Capability Reviews
- Physical Progress Reviews
- Critical Event Monitoring

Accomplishments
to Plan

Acceleration/
Expedite Reviews

Customer
Priority Lists

What
DCMC Does



Contract Closeout

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What
DCMC Does

- Plant Clearance
- Final Report, e.g., Patent Rights
- Contract Funds Reconciliation
 - Excess Funds
 - Canceling Funds
- Final Overhead Rates
- Property Disposition
- Terminations for Convenience

Contract
Terms & Conditions
Fully Satisfied





Partners in Procurement

DCMC is:

**Flexibility and Innovation to Meet
the Changing Needs of our
Customers**



Partners in Procurement

Meeting Customers' Needs

➤ Communication and Support “Custom” Tailored

➤ HQ Customer Representatives for:

Major
Buying
Centers

➤ Army, Navy, Air Force

➤ NASA

➤ DLA ICP

Program
Managers

PEO and SAE
Offices

➤ Liaisons Located at Centers

➤ Program Integrators and Support Teams for
Program Managers



Partners in Procurement

Meeting Customers' Needs

Integrated Customer Support Network

- Direct Communication with Customers
- Regular Communication among Different Levels of DCMC Customer Representatives
- Identify and Solve Systemic Problems and Publish Best Practices

In
Development

Solves
Today's
Problems

Consistency
and Synergism

Focus on
Tomorrow



Partners in Procurement

Meeting Customers' Needs

Offering World Class Contract Administration
Services to *all* Federal Agencies

Benefits:

- Worldwide Organization / Infrastructure
- Government has "One Face" to Industry
- Efficiency and streamlining of services
- Competitive Rates for Civilian Agencies / Reimbursable dollars for DCMC
- Recommended by OFPP

Customers
Highly
Satisfied



Partners in Procurement Meeting Customers Needs

NASA

Quality

Dept. of Transportation

Dept. of Energy

Dept. of Commerce

U.S. Post Office

Termination
Plant Clearance

Dept. of Treasury

Contract
Closeout

**Environmental Protection
Agency**

Dept. of Agriculture

General Services Agency

Dept. of Justice

Early
CAS

Dept. of Interior

Source
Selection

Dept. of State

Kennedy Center

Selective Service



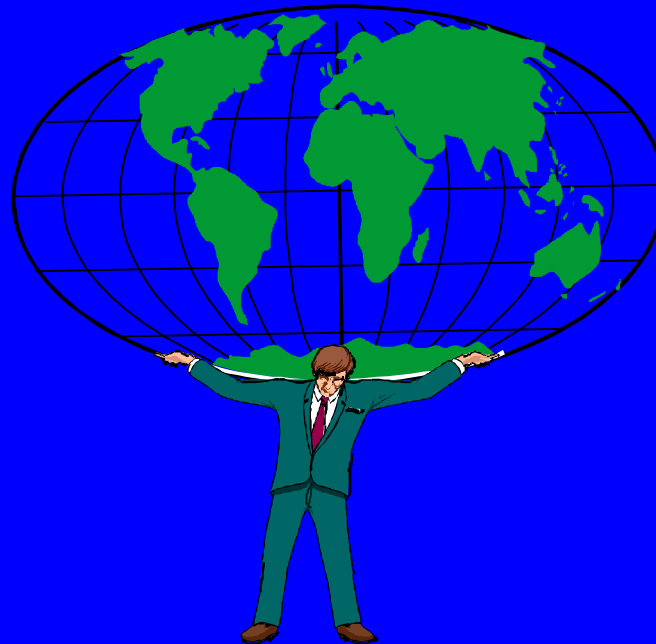
Partners in Procurement

Economize

Pushing Efficiency Upward:

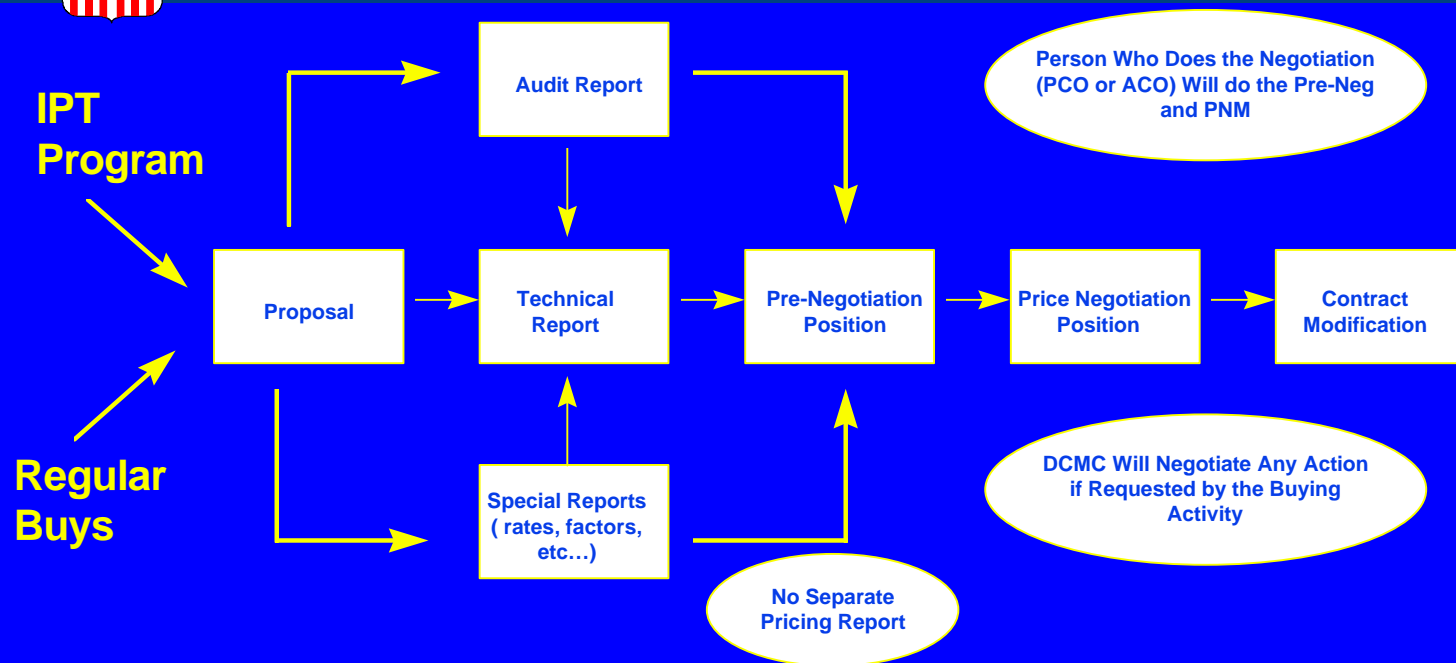
Resource Utilization:

Right People... Right Place... Right Time





IPT Pricing



- Reduced Procurement Administrative Lead time
- Fewer Labor Hours
- Lower Contract Prices



Partners in Procurement

Economize

Software Capability Evaluations Benefits:

- One Complete External Software Review per Contractor per Year
*Currently- Some Contractors endure 4 to 6
Separate but Similar Reviews Each Year*
- DCMC Professional Software Experts
 - Trained by Software Engineering Institute to Apply Software Capability Evaluations

DCMC Manages
6,600 Software
Intensive Contracts
Worth \$256 Billion

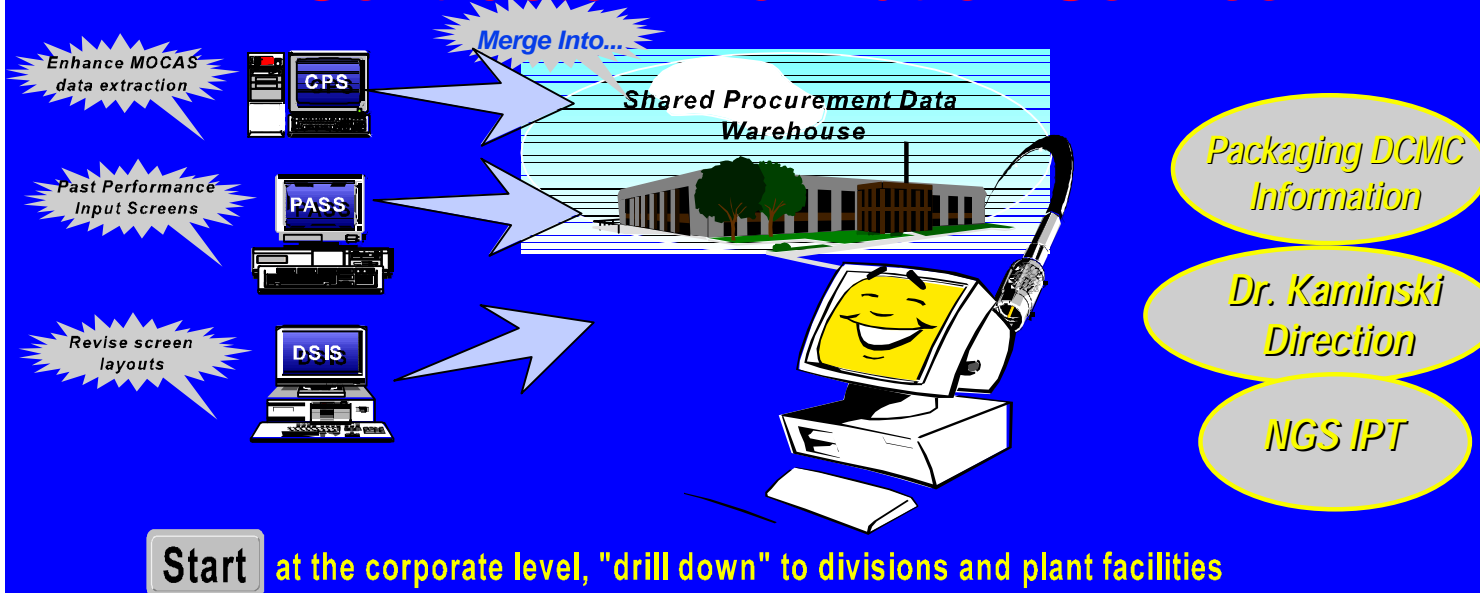
DCMC is a
Valuable Member
of the Pre-Award
Team



Partners in Procurement

Economize

Contractor Information Service

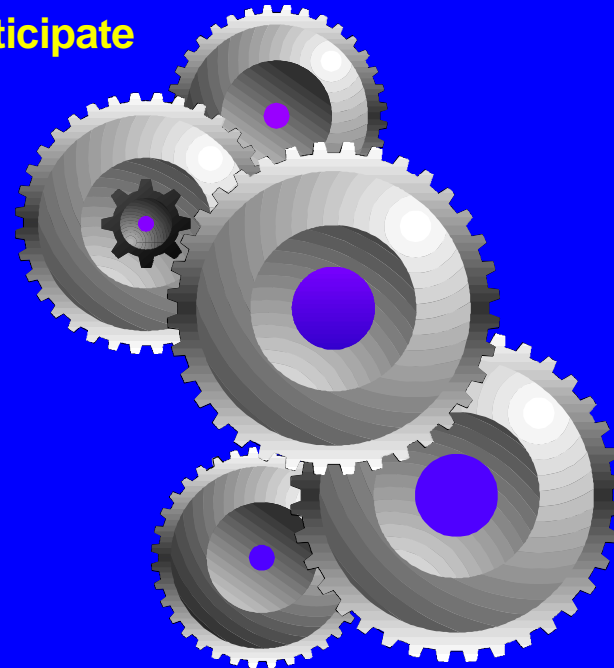


*Principal Product Lines and Unique Production Capabilities
 *Company Organization and Key Personnel
 *Sales, Earnings, and Financial Health
 *Past Performance History
 *Pricing Information
 *Systems and Processes
 Status
 *Directory of Reviews Already Done
 *Acquisition Strategy
 "Lessons Learned"



Self Governance (QA)

- **Objective: Reduce Cost and Eliminate Unnecessary DoD Intrusion**
- **DCMC Districts Identify Pilot Sites, in Coordination with Customers**
- **Contractors Must Voluntarily Agree to Participate**
- **Rely on Designated Contractor Personnel to Perform Surveillance**
- **Monitor Government & Contractor Costs; Customer Satisfaction**





Self Governance (Property)

➤ **Test Period: January 1 1996 -- March 31 1997**

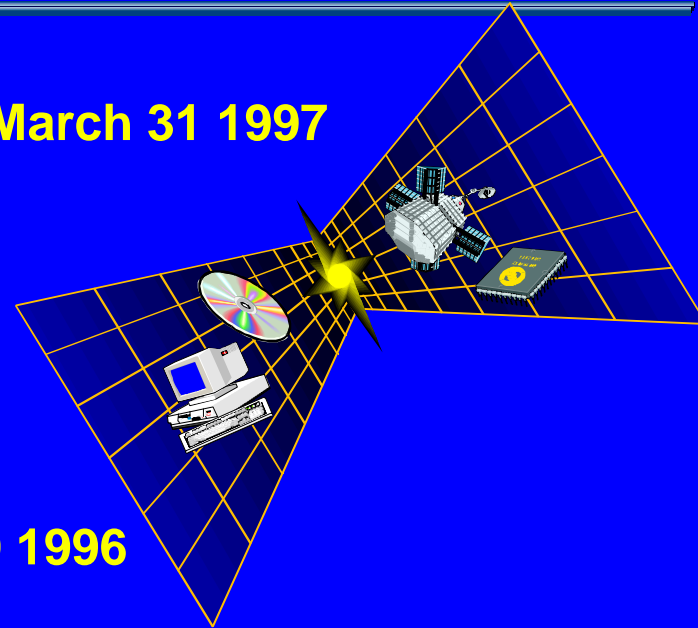
➤ **Test Evaluation Criteria**

- **Cost**
- **Risk**
- **Performance**

➤ **First IPR Conducted: July 9-10 1996**

➤ **Cost / Savings Evaluation Upon
Test Completion**

➤ **Decision to Expand, Alter or Terminate**





Self Governance (Property)

- **Contractor Responsible for Own System Analyses**

- **Eight Contractors Agreed to Test**

- **McDonnell Douglas, St Louis, MO**
- **Lockheed Sanders, Nashua, NH**
- **AIL Systems, Deer Park, NY**
- **Rockwell International, Richardson, TX**
- **TRW, Redondo Beach, CA**
- **Loral - Vought, Dallas, TX**
- **Chrysler Technologies Airborne System, Waco, TX**
- **Alliant Techsystems, New Brighton, MN**

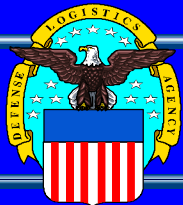




Self Governance Production Surveillance

- Contractor and ACO Negotiate Reporting Mechanism
- Contractor Reports and DCMC Validates Delivery Forecasts
- Goal is 90 Percent Accuracy for 3 Consecutive Months
- When Goal is Reached, DCMC Suspends On-Site Delivery Surveillance
- Suspension Remains as Long as Data Shows Continued Accuracy
- Status: Currently 28 Sites Nominated,
Test Will Run One Year, IPR Conducted
in July





Partners in Procurement

Economize

Performance Based Staffing Model

➤ Tailored Oversight According to Risk

➤ Promote Maximum Use of Limited Resources

➤ Evaluation Areas:

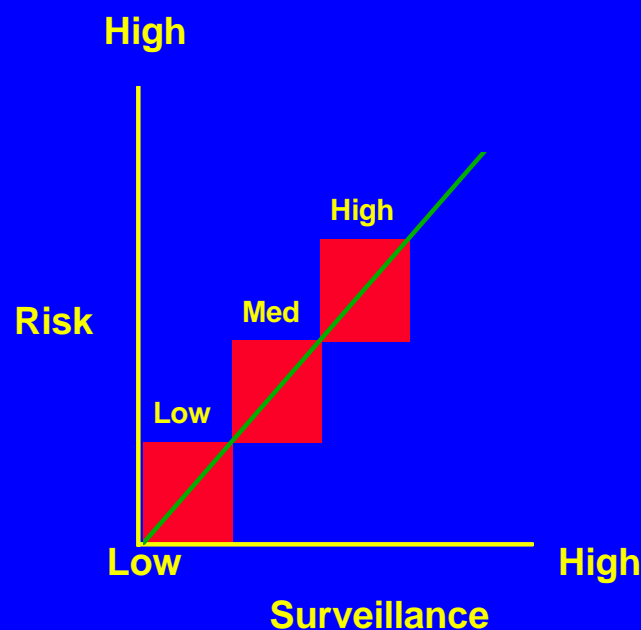
- End Product Performance
- Schedule
- Cost
- Business Practices

➤ Risk Factors:

- Inherent Product Risk
- Contractor Performance

CAS Reform
PAT Report

USD (A&T)
Memo of
21 Aug 95





Partners in Procurement

Economize

ISO 9000 Qualification Reviews

- Assess Compliance to ISO 9000
- Issue Statement of Qualification
- 140+ Trained Lead Auditors
- Higher Level Quality Requirements
- Buying Office Support
- Strong Industry Support
- Provide Risk Profile

Eliminate Redundant
Reviews at Contractors'
Facilities

Reduce
Oversight and
Cost

Audit Contractors
with New
ISO 9000
Requirements



Defense Contract Management Command

Joint Cost / Schedule Surveillance

- **Goal:** Increase Contractor Responsibility for Ensuring Cost and Schedule System Integrity
From Gov't Oversight... to Joint Surveillance... to Contractor Ownership
- **Pioneered at Facilities with 1 Clearly Predominant Customer**
 - **Magnavox, Fort Wayne** (Adv Field Artillery Tactical Data Sys - AFATDS)
 - **United Defense, Santa Clara** (Common Chassis, Armored Gun Sys - AGS)
- **Recent Agreements at Multi-Customer Contractors**

<p>McDonnell Douglas, St. Louis</p> <p>Pratt & Whitney WPB</p> <p>Boeing Helicopters, PA</p>	<p>Lockheed Martin , Orlando</p> <p>TRW, Redondo Beach</p> <p>Alliant Techsystems, Minnesota</p>
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FY97 Performance

Plan Goal

30% of Contractor
Sites w/ formal
agreements

DCMC Administers
400 Contracts with
C-S Requirements



Partners in Procurement

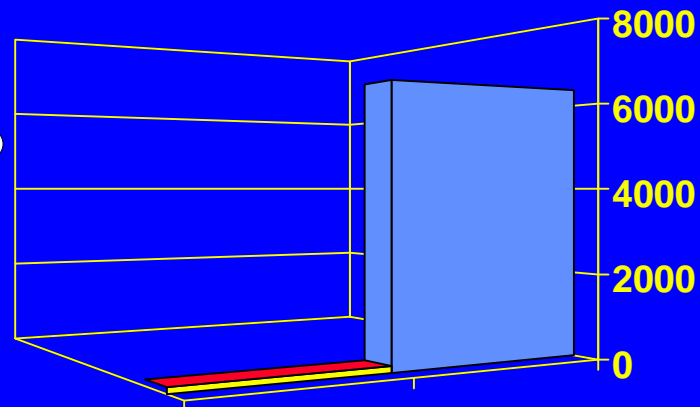
Economize

Class II ECPs

- Eliminate 100% of Gov't Review Class II ECPs
 - Current Status 97.8% Acceptance Rate
 - Need to Obtain PM Concurrence
 - Need to Resolve Contractual Implications

System
vs.
Transaction
Perspective

DCMC Processes
70,000 Class II
ECPs Annually



Increase
Early
Participation

■ Approved 6361
■ Disapproved 145

Class II ECPs May-Jul 95
Sample



Defense Contract Management Command

Single Process Initiative

- Contractor Submits Concept Paper to CAO
- CAO Management Council Team Review Concept Paper
- Key Customer Involvement
- Management Council Coordinates with Designated Component Team Leaders
- Component Team Leaders Coordinate with Remaining PMs/PCOs/ICPs
- Defined Appeal Process
- ACO Executes Block Change Mod

Texas Instruments
66 Specs become
20 Processes

McDonnell Douglas
ISO 9000
Common Property
Disposal Process

Raytheon
11 Process Changes -
Modified
Projected Annual
Savings
\$16M + \$20-30M (TBD)

Motorola
ISO 9000
Software Capability
Evaluation

**DCMC UNIQUELY
POSITIONED TO
FACILITATE THIS
PROCESS**



Conclusion

Who DCMC is

- Team Member (DoD Acquisition Community)
- Worldwide Organization
(Contract Professionals)

What DCMC Does

- Early CAS (Acquisition Strategy, RFP/Contract Drafting, Source Selection)
- Contract Administration
(Performance, Cost, Schedule, Closeout)

DCMC & our Customers - Partners in Procurement

DCMC

Quality - Contract Administration Services
Acquisition Professionals
Around the Clock... Around the World

Commitment - To the Warfighters
What They Need... When They Need It
To Successful Contracting
From Start... to Finish

Satisfaction - Of Our Customers With Our Services
Right People... Right Place... Right Time